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C O N F I D E N T I A L HO CHI MINH CITY 000103

SIPDIS

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TAGS: [PGOV](#) [PREL](#) [JA](#) [VM](#)

SUBJECT: KEY OFFICIALS INVOLVED IN PCI CORRUPTION ARRESTED

REF: A) HANOI 1412 B) 08 HANOI 1348 C) 08 HCMC 801

CLASSIFIED BY: Kenneth J. Fairfax, Consul General, EXEC, State.
REASON: 1.4 (b), (d)

¶1. (C) Former HCMC Department of Transportation Director, Huynh Ngoc Si and his deputy, Le Qua, were arrested on February 11 and charged with "abuse of power" for their role in the East-West Highway corruption scandal that led Japan to suspend Vietnamese ODA assistance and prosecute three Japanese PCI contractors on bribery charges last year (reftels). Si, originally thought to be immune from prosecution due to his close ties to HCMC Party Secretary Le Thanh Hai, was arrested at his home in HCMC and transferred to Hanoi for detention as authorities continue to investigate. When asked by Vietnamese media why Si and Qua had not been charged with bribery as alleged by the Japanese media during the PCI trial, authorities said further investigations would determine whether additional charges are filed. Si and Qua currently face a maximum sentence of fifteen years in prison if convicted.

¶2. (C) Comment: While Si's widely-covered "perp walk" is an unexpected and encouraging sign that even someone with a Politburo-level "umbrella" can be arrested, the uniqueness of this case means that it is too soon to demonstrate renewed commitment by the GVN to fighting high-level corruption. First, this case is having clear bilateral (suspension of Japanese ODA) and multilateral (concern among the donor community) consequences for the GVN. Second, the involvement of both Japanese courts -- which found PCI guilty of paying bribes to Si personally -- and Japanese media made Si's crimes impossible to sweep under the rug (despite efforts to convince the GoJ to either suppress reporting on the scandal or at least keep Si's name out of the paper). While Vietnamese press have been optimistically (and inaccurately) reporting the resumption of ODA loans during the visit of Japanese Crown Prince Naruhito, Japanese officials confirmed a review will not take place until April.

¶3. (U) This cable was coordinated with Embassy Hanoi.

FAIRFAX